



# STATE OF CONNECTICUT

## OFFICE OF CONSUMER COUNSEL

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**RE: Statement of the Office of Consumer Counsel on Governor's Proposal to Eliminate the Agency**

These are extraordinarily difficult financial times. The challenges facing our President and our Governors are unlike what any of us have witnessed in our lifetimes. The impact of money-tightening, shutdown of commercial markets and economic contraction is being felt by workers in all strata of our economy.

I appreciate the need for Governor Jodi Rell and Secretary Robert Genuario to reduce expenditures from the General Fund in order to bring our State budget into balance. I respect the difficulty of that task, and I don't envy them their responsibilities.

With that sense of appreciation and respect, I do, however, disagree with their proposal to eliminate the Office of Consumer Counsel as a purported cost-cutting measure. The Office of Consumer Counsel is an independent agency, which is responsible for representing the interests of the ratepayers of the regulated utilities in Connecticut. The costs and expenses of the Office of Consumer Counsel are not paid from the General Fund for the State. They are not part of the State budget, nor are they funded by our State taxes. The costs and expenses of the Office of Consumer Counsel are paid by the ratepayers of the companies regulated by the Department of Public Utility Control. In fact, because the Office of Consumer Counsel pays the State for rent and for administrative support costs attributed to it, the Office of Consumer Counsel actually creates revenue for the State, as opposed to being an economic burden on the State.

Additionally, the Office of Consumer Counsel, with a budget of only \$3 million and demonstrated record of saving ratepayers through its advocacy, is a cost saving agency, not a cost generating agency. Just this past year, OCC has obtained several important results for the ratepayers. OCC's advocacy led to rate decreases of approximately \$30 million annually for customers of Southern Connecticut Gas and Connecticut Natural Gas; reduced United Illuminating's rate increase by over \$46 million. Over the past five years, OCC's advocacy has resulted in savings to ratepayers and the State of Connecticut of over \$2.5 billion. To view the OCC's Performance Results, visit our website at <http://www.ct.gov/occ/site/default.asp>.

These results would not have occurred without the hard work, dedication and cooperative efforts of the team of experienced individuals who make up the Office of Consumer Counsel. As Consumer Counsel, I am the head of the Office of Consumer Counsel, and am responsible for its operations. The people employed at the Office of Consumer Counsel are dedicated and effective advocates for the ratepayers of our regulated utilities.

They understand that the ratepayers of our utilities need reliable utility services, and have a right to expect dependable and responsive service for the money they pay every month. They also understand that the utilities have a right to be paid a fair return for the utilities and services that they provide to their customers, and endeavor to make sure that that return is appropriate, but not excessive. In doing this, they regularly test and challenge the requests by the utility companies, and seek to ensure that cost burdens are properly allocated between the ratepayers, who have little control over the costs they are required to pay, and the stockholders in the utilities, who hope to earn increasing profits on their investments in these companies.

The Office of Consumer Counsel was first made a separate, independent agency by Governor Ella Grasso in 1975. At that time, the reason for creating the Office as an independent agency, outside of the control of the Governor, was to provide a voice for the utility ratepayers in the hearing rooms at the DPUC, where utility companies come for rate increases and other changes to their service and costs. Our office today completely fulfills the intent of our enabling legislation, aptly expressed by then-State Senator Joseph Lieberman in floor debate in our State Senate in 1974 describing the reasons a consumer counsel office should be established:

“One is to pressure the public utilities commission, to be as aggressive as possible, to open it up, to put as much leverage on it to represent the public interest as much as possible. The second, stated in the simplest language I can, is to try to keep the utility companies honest, to try to keep them as aggressively pursuing economies as possible. And the third, if it is possible, is to grant some direct monetary relief to the consumers...I suggest that this amendment which would create an office of consumer counsel...meets all three of those goals. It will create some more faith in the PUC and assure that it does its job. It will guarantee that the public will at least have some kind of representation equal to the high-powered representation that the utility companies themselves bring to the rate increase hearings. And third, it does hold a hope that with this better representation, the public will receive some monetary relief.” [Remarks of Senator Joseph Lieberman, Senate Debate, S.B. 462 (P.A. 74-216), April 29, 1974.]

In 1975, the Office of Consumer Counsel was removed from the Public Utilities Control Authority under Public Act 75-486 and granted expanded powers to participate in all proceedings, state, federal, judicial and administrative that affects the manner in which utility services are provided to Connecticut consumers. Then Representative Thomas Ritter summarized the sections of the bill that became Public Act 75-486, demonstrating the wisdom of establishing the Office of Consumer Counsel as a separate and independent agency:

“[It] makes the Office of Consumer Counsel independent from the authority and expands the powers of this important office so that the Consumer Counsel can appear not just in proceedings before the PUC but in all proceedings...that affect the provision of utility service to Connecticut consumers. The Consumer Counsel

shall have access to all records of the authority permitted by law and is empowered to hire the necessary staff...The Consumer Counsel, who is presently hired by the PUC shall be appointed by the governor with the consent of either house and serve for a five-year term...This assures them of great independence.” [Remarks of Representative Ritter, House Debate, S.B. 1081 (P.A. 75-486), June 2, 1975.

Our agency belongs to the ratepayers: it would be contrary to the best interests of the ratepayers to eliminate the ratepayer’s agency.<sup>1</sup>

In 2003, when the State confronted other challenging financial pressures, the Governor at that time and the then Secretary of OPM proposed and were able to successfully appropriate certain funds obtained from and dedicated to be used for the benefit of the ratepayers of our regulated utilities. Those funds were taken to add to the General Fund to address a shortfall in the State’s budget. Despite some opposition, the legislature approved this taking. This taking was wrong. In 2007, the money improperly taken was returned for the benefit of the ratepayers. This was done, because it was recognized that it was wrong to take money dedicated for the benefit of the ratepayers of the regulated utilities to use in our State’s general fund. What was true then, is true today, as well.

Although the financial difficulties confronting our state are great, the financial difficulties confronting our ratepayers today are every bit as great. Those with the least today now need more than ever to have their advocate representing their interests, controlling their costs, demanding their services and acting with independence from all but those whose interests they serve.

To summarize, the costs of the Office of Consumer Counsel are not paid from the State’s General Fund. Eliminating the Office of Consumer Counsel does not eliminate a cost from the State’s budget<sup>2</sup>. If this action is an attempt to reach and apply funds dedicated to benefit the ratepayers of our utilities to satisfy other obligations of the State, it is wrong; it is detrimental to the best interests of our ratepayers at a time when they most need independent representation; and it should be rejected.

Mary J. Healey  
Consumer Counsel

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<sup>1</sup> See also Legislative Program Review and Investigations Committee Report, dated January 22, 1997 which concluded “... the [OCC] enhances the DPUC’s work, resulting in decisions that better reflect the public interest.... The Department has been the beneficiary of the services of the independent Office of Consumer Counsel for over 20 years. The OCC has unstintingly represented ratepayer interests...”

<sup>2</sup> In fact, in a decision overturning the attempted layoffs of employees in industry funded agencies such as Office of Consumer Counsel in 2003, the arbitrator relied upon the “irrefutable fact that the layoff of any A & R employee in an industry-funded Agency does not save the State any money given the fact that the salary and fringe benefits of that employee are not ultimately paid by the State.” “ In re: Administrative and Residual Employees Union, Local 4200. v. State of Connecticut, OLR file nos. 16-3880 and 16-3962 (Apr. 26, 2006)